

Transportation Trust Fund Task Force, Meeting #7

Meeting Minutes

March 1, 2011

Present: **Transportation Trust Fund Task Force Members:** Dave Athey, Carleton Carey, John Casey, Rich Davis (via phone), Rick Deadwyler, Carol Everhart, Ray Harbeson, Helene Keeley, Dennis Klima, Paul Morrill, Karen Peterson, Terry Reilly, Bob Venables, Carolann Wicks, Ted Williams

Absent: Bill Carson, Christina Favilla, Jim Ford, Alan Levin, Chad Moore, Barry, Schoch, Danny Short, Gary Simpson, Jim Wolfe

Present: **Guests and Support Staff:** Natalie Barnhart, Cleon Cauley, Jim Craig (Dept. of Finance), Jessica Eisenbrey (State News), Jackie Griffith (Controller General's Office), Rich Heffron (DE State Chamber of Commerce), Stephen Kingsberry, Jim Lardear (AAA Mid-Atlantic), Roland Longacre (ATU Local 1842), Brian Maxwell (Office of Management and Budget), Mike McCann, David McGuigan (George & Lynch, Inc.), Patrick McKeon (Office of Management and Budget), Jeff Montgomery (News Journal), Mike Morton (Controller General's Office), Brian Motyl, Rod Pieretti (Chilton Engineering), Steve Richter, Roger Roy (The Burris Firm), Beverly Swiger, Earle Timpson, Arthur Wicks, Mike Williams, Tigist Zegeye (WILMAPCO)

Next Meeting: March 15, 2011, 3 p.m., Felton/Farmington Room, DelDOT Administration Building 1st Floor, Dover

I. Review of Minutes

Chairman Ted Williams presented the meeting minutes from the previous meeting and asked the committee members to take a moment to review them. Mr. Williams then opened the floor for comments on the minutes. There were no comments from the committee, a motion to approve was presented and the committee unanimously approved the minutes.

II. Presentations

Secretary Carolann Wicks presented updated charts and graphs of previous presentations to the committee with explanations of the changes. The committee asked questions and discussed the information.

III. Comments and Discussion

Secretary Wicks' Presentation

Graphic #1 through Graphic #6: Mr. Harbeson stated that the graphs show the funds available not meeting the core programs and asked if the information accounts for inability to borrow? Secretary Wicks responded that the illustrations show funding need

and not how it would be funded. Mr. Harbeson stated that the situation is actually worse than is portrayed. Mr. Williams and Secretary Wicks agreed. Mr. Morrill asked if it could be noted that the charts do not account for borrowing. Secretary Wicks stated that this information could be included as a note on the chart.

Graphic #7 through Graphic #7b (Options 1, 2, & 3): Mr. Morrill wanted to know why 85 and 90 were the percentages chosen in option 7a. Secretary Wicks explained that option 1 would cause having to return year after year where option 3 spreads it out. Mr. Klima wanted to know if there is additional need in addition to the percent of growth per year. Secretary Wicks responded that there is.

Ted Williams asked if there were any other questions on any of the graphics. Mr. Venables asked if the additional need of \$3.7 billion included all projects that the department wants to complete. Secretary Wicks responded that it includes all projects in the current CTP. Mr. Venables stated that in 2005, as he remembers it, it was only \$2.3 billion for all the projects the department wanted to complete. Secretary Wicks responded that she doesn't recall if inflation of 3 percent was recognized at that time. Mr. Venables stated that it looks to be unobtainable. Mr. Williams stated that it now includes a lot of deferred items. Secretary Wicks stated that it also recognizes Municipal Streets that are not being addressed and subdivision streets in need of repair. Secretary Wicks reminded the Committee that they had wanted to show as complete a picture as possible of the size of the needs of department/TTF. Mr. Venables wanted to know if this figure includes projects we have cut this year. Secretary Wicks responded that it does. Mr. Harbeson wanted to know if this includes the MPOs' desired projects lists. Mr. Williams responded that they are not included and that the Route 301 project is also not included. Mr. Venables stated that the amount of funds needed for Route 301 is large. Secretary Wicks responded that it is not included as Route 301 would use toll backed bonds and would not compete for these funds. Mr. Casey stated that \$3.7 billion could still be a conservative number for additional needs. Mr. Klima asked if these revenue growth assumptions include committee recommendations. Mr. Williams responded that no, they do not. He assumes borrowing scenarios are included in the report. Secretary Wicks stated that the committee needs to discuss this. Mr. Williams asked if we should do option 1, 2, or 3 in different borrowing scenarios. Mr. Harbeson said he would like to see this scenario. Ms. Keeley said that because there are so many new legislators who may not understand borrowing as it is, it might be valuable for them. Mr. Klima stated that the committee needs to concentrate on increasing revenues/decreasing expenditures and how to determine how to best leverage our resources from year to year. Mr. Morrill stated that the committee needs to remember that original intent of the Transportation Trust Fund was to cover capital projects and that is not the case now. Mr. Morrill also voiced concerns that the department does not want to eventually borrow to pay operating expenses. Mr. Harbeson stated that if there are no new revenues, then the department is borrowing on its future. Mr. Klima stated that it would be good to see scenarios with different percentages – perhaps 60/40 and 40/60.

ACTION ITEM: Committee members would like to have the graphics run with 25/75 pay-go through option(s).

Draft Ideas for Consideration

Brian Motyl explained the priority ranking of the proposed fees list. Additional items to be considered were added after the original list was ranked.

Secretary Wicks noted that there was a column on the original matrix that showed additional costs to implement. This will have to be worked out.

Committee discussed breaking out the long term items from the short term items.

Representative Peterson proposed adding new low digit tag numbers 1 through 99 with letters preceding the numbers. This could account for 66,974 new tags available. Offering them at auction at an average price of \$1500 would raise approximately \$100 million.

Lightering Tax: Charging \$1 per barrel of oil offloaded in the Delaware Bay would raise \$100 million. This would increase gas price 2.3 cents per gallon. Other states, Louisiana and Texas, currently have a similar tax.

Matrix Item #4 – 10 year incremental shift of Paratransit from the Transportation Trust Fund to the General Fund. Raises awareness – this is a social service not a transportation service. Keep on list.

The committee discussed whether or not the final revenue matrix should include the committee's priority rankings and difficulty to implement ranking. Secretary Wicks noted that it may be beneficial for the legislators to see the committee's input on these matters. Several committee members voiced concerns that including this information may discourage legislators from considering options that the committee deemed a lower priority or of a higher degree of difficulty to implement.

Matrix Item #12 – Ted Williams stated that conversations with representatives make him believe the fees for outdoor advertising permits should be much higher.

ACTION ITEM: Update Revenue Matrix and raise the Annual Permit Fees to the amounts listed below.

Suggestion: Limited Access Road

100 – 300 square feet	\$1500
300+ square feet	\$2000

Other Roads

Up to 30 square feet	\$ 100
30 – 100 square feet	\$ 300
100 – 300 square feet	\$ 750
300+ square feet	\$1000

Motion: John Casey, Second: Karen Peterson, ALL IN FAVOR: PASS TO CHANGE

Matrix Item #30 – The committee discussed the fact that Item #30 cannot be implemented unless Matrix Item #38 is implemented first.

ACTION ITEM: Secretary Wicks suggested combining the two options into one item.

Senator Peterson wanted to know if the committee had discussed limiting the use of paratransit.

Ted Williams said no, but did suggest increasing the fee out of Federally mandated area. Senator Peterson stated this still does not mitigate cost enough.

Ted Williams stated that this is why we need to discuss transferring to General Fund, as many in Delaware see extended coverage as a good service to have.

Senator Peterson wanted to know where the paratransit fare increase outside of the federally mandated area is on the list. Ted Williams said it is Matrix Item #11.

Paul Morrill asked if there was no recommendation to decrease paratransit service area.

Ted Williams said he did not get the impression from committee that this was an option that the committee was interested in pursuing.

Ray Harbeson stated that determining the farebox recovery rate (Matrix Item #72) would make the department review fares every year.

Secretary Wicks asked if everyone understands the recovery rate. The farebox recovery rate would set a goal to reach a certain ratio of income-to-expenses.

Dave Athey suggested pulling this out of the matrix, but that it should be included in the report.

Helene Keeley feels that the recovery rate is very important to include and that it will be needed more as the state population increases.

Ted Williams stated that the recovery rate in very importation as more people use public transportation.

Secretary Wicks said that privatizing public transit would not happen due to already low recovery rate. Secretary Wicks noted that the department can continue to outsource services through senior centers.

Senator Peterson said it may be cheaper to let private industry do it and then provide vouchers.

Stephen Kingsberry reminded the committee that the department has to follow federal regulations.

Matrix Item #50: Terry Reilly wanted to know if the department was able to obtain appraisals on the value of several parking lots in Wilmington.

Secretary Wicks said we have information and that it needs to be reviewed. She believes that the value is currently less than the cost to build the parking lots.

Ray Harbeson noted that if garage rates go up, the value could go up.

Secretary Wicks responded that this is likely and that as the economy recovers the values should increase.

Matrix Items 93, 94 & 95: Ted Williams stated that if we charge a fee on utilities in the state right-of-way, companies may want payment if state needs them to move.

Karen Peterson asked why utilities are not taxed but cable companies are taxed.

Senator Venables asked what the plan for this revenue options list is. Ted Williams said the entire list would go to the Governor and the General Assembly to let them see everything that has been considered.

John Casey stated that the report must state specifically what happens if revenue goals are not met.

Secretary Wicks said we could have a list of projects that would have to be cut.

John Casey said that the report needs to frame in this context to make a more convincing argument for implementing the suggested revenue options.

Senator Venables said that the report needs to make a solid and convincing argument for implementing these revenue options and that many Representatives will be uncomfortable raising fees.

Paul Morrill said it needs to show that the revenue options can make the problem smaller so it is not as overwhelming.

Ted Williams asked about removing Matrix Items 11 and 20 from the list.

Paul Morrill said no, but need to work on other items first to make transfer to General Fund numbers smaller.

Secretary Wicks stated that the cut list would be small due to cuts in previous years and that the cuts would have to come from state-federal projects soon.

IV: Administrative Matters

Committee members were asked to keep the date of March 21 open for a meeting to discuss and review a draft of the committee's report.

Secretary Wicks explained that a draft of the report would be sent to committee members for review on the week of March 15th.

Next meeting will be held on March 15, 2011, 3 pm – 5 pm.

DelDOT Administration Building, Felton/Farmington Room

Meeting adjournment at 5:00 p.m.